

AMENDED IN SENATE AUGUST 28, 2006
AMENDED IN ASSEMBLY MARCH 27, 2006
CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2182

Introduced by Assembly Member Mullin
(Coauthor: Assembly Member Wolk)

February 22, 2006

An act to add Section 401.20 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2182, as amended, Mullin. Property taxation: assessment.

Existing law requires the State Board of Equalization to prescribe rules and regulations regarding the assessment of property for purposes of property taxation.

This bill would require the State Board of Equalization, if funds are appropriated for this purpose, to conduct a study in consultation with the California Assessors' Association and industry representatives regarding the property tax assessment factors used to value nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures. To the extent the board conducts these studies, this bill would also require the board to publish revised valuation factors. However, if the board determines that an update is not warranted after reviewing the data, this bill would provide that the existing factors shall remain in effect. This bill would establish a rebuttable presumption that the full cash value of nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures is the value

determined using the assessment factors published by the board after the study. This bill would also provide that the assessor or the taxpayer may overcome the presumption, as specified. This bill would also specify that this presumption does not apply after 6 years, unless the assessment factors are reviewed by the board.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

3 (1) The property used in certain high technology focused
4 industries is subject to the rapid pace of technological change.

5 (2) The annual valuation factors currently published by the
6 State Board of Equalization that are used to assess this property
7 is based upon dated studies, causing the validity of these factors
8 to be questioned and giving rise to costly and time-consuming
9 assessment appeals and litigation.

10 (3) A new study would allow the development of objective
11 and defensible valuation factors and ensure more accurate
12 assessments.

13 (4) The uncertainty created by pending appeals and litigation
14 over the valuation of this property is disruptive to industry tax
15 planning, local government finance, and school finance.

16 (b) It is the intent of the Legislature in enacting this act to do
17 both of the following:

18 (1) Facilitate uniform assessment practices in the assessment
19 of this property within the State of California.

20 (2) Facilitate the resolution of ~~the~~ disputes over the assessment
21 of this property by clearly establishing a presumption of
22 correctness if county assessors use a prescribed assessment
23 methodology.

24 SEC. 2. Section 401.20 is added to the Revenue and Taxation
25 Code, to read:

26 401.20. (a) (1) The State Board of Equalization shall, in
27 consultation with the California Assessors' Association and
28 representatives of the computer, semiconductor, and
29 biopharmaceutical industries, conduct a study to obtain and
30 analyze data in order to update the information used to develop

1 the valuation factors annually published by the State Board of
2 Equalization that are applied to nonproduction computers,
3 semiconductor manufacturing equipment, and biopharmaceutical
4 industry equipment and fixtures.

5 (2) The State Board of Equalization shall conduct the study
6 described in paragraph (1) only if funds are appropriated by the
7 Legislature to the board for that purpose during the 2005-06
8 Regular Session.

9 (3) To the extent the State Board of Equalization periodically
10 conducts these studies, the board shall publish revised valuation
11 factors based on the updated information. If the board reviews
12 the data and determines that an update is not warranted, the
13 existing factors shall remain in effect.

14 (b) (1) Notwithstanding any other provision of law relating to
15 the determination of the values for property tax assessment,
16 values determined by using valuation factors resulting from the
17 study described in subdivision (a), as instructed by the State
18 Board of Equalization for nonproduction computers,
19 semiconductor manufacturing equipment, and biopharmaceutical
20 industry equipment and fixtures, shall be rebuttably presumed to
21 be the full cash value.

22 (2) The assessor or the taxpayer shall have the right to present
23 evidence supporting values different from those based on the
24 published factors in order to attempt to overcome the
25 presumption.

26 (c) The presumption in subdivision (b) shall not apply to any
27 particular tax year if the information upon which the valuation
28 factors for that category of property are based was last reviewed
29 by the State Board of Equalization more than six years before the
30 lien date for that tax year.